

# United Stores Corporation

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*Report to Stockholders*

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*Year Ending December 31, 1931*

*and*

*Six Months Ending June 30, 1932*

## UNITED STORES CORPORATION

### OFFICERS

GEORGE K. MORROW, *Chairman of the Board*

FREDERICK K. MORROW, *President*

R. W. JAMESON, *First Vice-President*

H. J. MOFFETT, *Vice-President*

GEORGE WATTLEY, *Treasurer*

W. A. FERGUSON, *Secretary*

### BOARD OF DIRECTORS

A. C. ALLEN	THOMAS H. McINNERNEY
W. A. BLACK	GEORGE M. MOFFETT
RANDOLPH CATLIN	H. J. MOFFETT
W. L. CUMMINGS	FREDERICK K. MORROW
JOHN FOSTER DULLES	GEORGE K. MORROW
SIR HERBERT HOLT	H. HOBART PORTER
JAMES W. JAMESON	WALTER B. RYAN, JR.
R. W. JAMESON	EUGENE W. STETSON

UNITED STORES CORPORATION  
625 Madison Avenue  
New York City

*Report to Stockholders*

*Year ending December 31, 1931*

*and*

*Six Months ending June 30, 1932*

July 8, 1932.

To the Stockholders of

UNITED STORES CORPORATION:

There is presented herewith the Annual Report of United Stores Corporation to its stockholders for the year ending December 31, 1931, with the report of Messrs. Price, Waterhouse & Co. thereon:

Balance Sheet as at December 31, 1931.

Statement of Capital and Initial Surplus for the year ending December 31, 1931.

Statements of Profit and Loss and Earned Surplus for the year ending December 31, 1931.

There are also presented herewith the following statements of the company's accounts for the six months ending June 30, 1932 with the report of Messrs. Price, Waterhouse & Co. thereon:

Balance Sheet as at June 30, 1932.

Statements of Capital and Initial Surplus for the six months ending June 30, 1932.

Statement of Profit and Loss and Earned Surplus for the six months ending June 30, 1932.

These statements cover the transactions resulting from the liquidation of Tobacco Products Corporation (Virginia), and the delivery of 6½% Debentures of Tobacco Products Corporation of New Jersey in exchange for Preferred Stock of United Stores Corporation which has been surrendered to this company for retirement.

By order of the Board of Directors,

GEORGE K. MORROW,  
Chairman.

**UNITED STORES CORPORATION**

BALANCE SHEET—DECEMBER 31, 1931

ASSETS

CASH .....	\$ 107,595.05
<b>ACCOUNTS RECEIVABLE:</b>	
Dividends receivable:	
On 43,803 shares preferred stock of United Cigar Stores Company of America, declared January 5, 1932 received February 1, 1932 .....	\$ 43,803.00
On 1,244,540 shares Class A stock of Tobacco Products Corporation, declared January 5, 1932 received February 15, 1932 .....	435,589.00
Miscellaneous .....	144.83
	<hr/> 479,536.83

**INVESTMENTS:**—

United Cigar Stores Company of America:

Preferred stock—

37,403 shares carried at par of \$100 each.	\$3,740,300.00
6,400 shares purchased for cash, at cost..	333,157.50
<hr/> 43,803 shares (25.6% of total outstanding).....	\$ 4,073,457.50

Common stock—

658,286 shares carried at \$3.50 per share.	\$2,304,001.00
9,300 shares purchased for cash, at cost..	19,672.50
<hr/> 667,586 shares (12.4% of total outstanding).....	2,323,673.50

Note—73.9% of United Cigar Stores Company common stock was owned by Tobacco Products Corporation at December 31, 1931.

Tobacco Products Corporation:

Class A stock —1,244,540 shares (55.5% of total outstanding)	\$2,323,673.50
Common stock—1,999,124 shares (60.6% of total outstanding)	\$2,323,673.50
<hr/> Together—3,243,664 shares (58.6% of total outstanding) carried at \$9 each .....	29,192,976.00

The Union Tobacco Company:

Class A stock—25,295 shares carried at \$1 each.....	25,295.00
Common stock— 5,030 shares carried at 50¢ each.....	2,515.00
<hr/> Together—30,325 shares carried at 50¢ each .....	35,617,917.00
<hr/> To the Stockholders of	<hr/> \$36,205,048.88

To the Stockholders of  
United Stores Corporation:

We have made an examination of the books and accounts of United Stores Corporation for the year of profit and loss and surplus, on the bases indicated therein, set forth the financial position of the company at

56 Pine Street, New York.  
July 8, 1932.

**UNITED STORES CORPORATION**

BALANCE SHEET—DECEMBER 31, 1931

**LIABILITIES**

BANK LOAN PAYABLE ON DEMAND .....	\$ 1,300,000.00
(Secured by 20,000 shares United Cigar Stores Company of America preferred stock and 220,000 shares Tobacco Products Corporation Class A stock)	

ACCOUNTS PAYABLE .....	27,118.43
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CAPITAL AND INITIAL SURPLUS, per statement attached.....	34,399,004.73
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Represented by:

\$6 cumulative convertible preferred stock without par value, preferred over Class A and common as to \$115 on dissolution:

Authorized —1,000,000 shares

Issued, less held for retirement— 315,048 shares†

Note—Preferred dividends have accumulated from August 15, 1929, less \$5.25 paid on account.

Class A stock without par value, convertible, preferred over common as to \$4.20 per annum, non-cumulative, and as to \$75 on dissolution:

Authorized—5,000,000 shares

Issued — 915,987 shares†

Note—In lieu of other compensation options running to August 1, 1934 have been granted the corporation's principal executives to purchase 125,000 shares Class A stock with 62,500 shares common stock at \$20 per unit of 1 share Class A and  $\frac{1}{2}$  share common.

Common stock without par value:

Authorized—15,000,000 shares, including 3,550,159 $\frac{1}{2}$  shares reserved for conversion of preferred and Class A stock

Issued—504,375-700/840 shares†

† Including shares exchangeable for outstanding certificates of deposit.

EARNED SURPLUS, per statement attached .....	478,925.72
\$36,205,048.88	

ending December 31, 1931 and we report that, in our opinion, the above balance sheet and the attached statements December 31, 1931 and the results of its operations for the year.

PRICE, WATERHOUSE & CO.

**UNITED STORES CORPORATION**

**STATEMENT OF CAPITAL AND INITIAL SURPLUS**  
**FOR THE YEAR ENDING DECEMBER 31, 1931**

Capital and initial surplus at December 31, 1930, per published report for that year ..... \$34,734,218.18

*Add:*

Proceeds of 15 shares Class A stock with warrants for 7½ shares common stock sold for cash .....	144.83
Portion of reserve for dividend adjustments on deposited stocks, not required .....	2,686.96
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	\$34,737,049.97

*Deduct:*

Cost of 9,500 shares \$6 cumulative convertible preferred stock purchased for retirement .....	\$329,369.52
Additional organization expenses incurred .....	8,675.72
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	338,045.24

Capital and initial surplus at December 31, 1931, per balance sheet \$34,399,004.73

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# UNITED STORES CORPORATION

## STATEMENTS OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDING DECEMBER 31, 1931

### PROFIT AND LOSS

Income:

Dividends (including dividends declared January 5, 1932 and received in February, 1932):	
On Tobacco Products Corporation Class A stock .....	\$1,182,313.00
On United Cigar Stores Company of America preferred stock .....	240,916.50
On dividend certificates for common stock of United Cigar Stores Company of America .....	30.73
Interest received on bank balances .....	1,067.60
	<hr/>
	\$1,424,327.83

Expenses:

Stock transfer expense .....	\$ 42,312.30
Legal expense .....	7,187.81
Other corporate expenses including franchise tax .....	45,342.90
Interest paid .....	33,750.04
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	128,593.05
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Net income for the year carried to statement of earned surplus below .....	\$1,295,734.78
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### EARNED SURPLUS

Earned surplus at December 31, 1930, per published report for that year .....	\$ 478,483.94
Net income for the year 1931, as above .....	1,295,734.78
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<i>Deduct</i> —Dividends paid on \$6 cumulative convertible preferred stock:	
March 16, 1931 at \$1.00 per share.....	\$324,549.00
June 15, 1931 at \$1.00 per share.....	324,448.00
Sept. 15, 1931 at \$1.00 per share.....	323,148.00
Dec. 15, 1931 at \$1.00 per share.....	323,148.00
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	1,295,293.00
Earned surplus December 31, 1931, per balance sheet.....	<hr/>
	\$ 478,925.72

# UNITED STORES CORPORATION

BALANCE SHEET—JUNE 30, 1932

## ASSETS

CASH .....	\$ 160,501.77
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### ACCRUED INTEREST RECEIVABLE:

On Tobacco Products Corporation of New Jersey 6½% debentures .....	134,675.66
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### INVESTMENTS:—

#### United Cigar Stores Company of America:

##### Preferred stock—

37,403 shares carried at par of \$100 each..	\$3,740,300.00
6,400 shares purchased for cash, at cost..	333,157.50
43,803 shares (25.6% of total outstanding)	\$4,073,457.50

##### Common stock—

648,686 shares (12.1% of total outstanding) carried at \$3.50 per share .....	2,270,401.00
	\$ 6,343,858.50

Note—73.7% of United Cigar Stores Company of America common stock is owned by Tobacco Products Corporation of Delaware.

#### Tobacco Products Corporation of New Jersey:

\$12,431,639.17 par value of 6½% collateral trust debentures carried at par .....	*12,431,639.17
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#### Tobacco Products Corporation of Delaware:

1,993,029-5/100 shares capital stock (60.5% of total outstanding) carried at \$4.22 per share .....	* 8,409,436.73
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#### The Union Tobacco Company:

Class A stock—25,295 shares carried at \$1 each.....	25,295.00
Common stock— 4,530 shares carried at 50¢ each.....	2,265.00
	27,212,494.40

\*The aggregate value at which the 6½% debentures of Tobacco Products Corporation of New Jersey and the capital stock of Tobacco Products Corporation of Delaware are carried is equal to the sum of (1) the aggregate value at which the company's former holdings in Tobacco Products Corporation (Virginia) were previously carried and (2) the cost of Tobacco Products Corporation (Virginia) stocks purchased, less the sum of (1) the par value of \$8,672,800 6½% debentures which have been delivered to preferred stockholders for 173,456 shares preferred stock surrendered by them and (2) \$4.22 per share in respect of Tobacco Products Corporation of Delaware capital stock which has been sold.

\$27,507,671.83

To the Stockholders of

United Stores Corporation:

We have made an examination of the books and accounts of United Stores Corporation for the six months profit and loss and surplus, on the bases indicated therein, set forth the financial position of the company at June

56 Pine Street, New York.  
July 8, 1932.

UNITED STORES CORPORATION

BALANCE SHEET—JUNE 30, 1932

LIABILITIES

BANK LOAN PAYABLE ON DEMAND ..... \$ 1,500,000.00

(Secured by \$2,500,000 par value of Tobacco Products Corporation of New Jersey 6½% debentures)

ACCOUNTS PAYABLE:

Unclaimed dividends .....	\$ 756.78
Accrued interest on bank loan.....	1,122.23
Miscellaneous accounts payable .....	487.50
Accrued franchise taxes .....	12,500.00
Reserve for Federal income tax .....	37,500.00
	52,366.51

RESERVE FOR CONTINGENCIES, in connection with the liquidation of Tobacco Products Corporation (Virginia) ..... 200,000.00

CAPITAL AND INITIAL SURPLUS, per statement attached..... 25,472,362.08

Represented by:

\$6 cumulative convertible preferred stock without par value, preferred over Class A and common as to \$115 on dissolution:

Authorized —1,000,000 shares

Issued, less retired and  
held for retirement— 141,592 shares

Note—Preferred dividends have accumulated from August 15, 1929 less \$7.06¼ paid on account.

Class A stock without par value, convertible, preferred over common as to \$4.20 per annum, non-cumulative, and as to \$75 on dissolution:

Authorized—5,000,000 shares

Issued — 915,979 shares†

Note—In lieu of other compensation options running to August 1, 1934 have been granted the corporation's principal executives to purchase 125,000 shares Class A stock with 62,500 shares common stock at \$20 per unit of 1 share Class A and ½ share common

Common stock without par value:

Authorized—15,000,000 shares, including 2,856,315½ shares reserved for conversion of preferred and Class A stocks

Issued, less in treasury—504,350½ shares†

† Including shares exchangeable for outstanding certificates of deposit

EARNED SURPLUS, per statement attached ..... 282,943.24

\$27,507,671.83

ending June 30, 1932 and we report that, in our opinion, the above balance sheet and the attached statements of 30, 1932 and the results of its operations for the six months ending on that date.

PRICE, WATERHOUSE & CO.

UNITED STORES CORPORATION

STATEMENT OF CAPITAL AND INITIAL SURPLUS  
FOR THE SIX MONTHS ENDING JUNE 30, 1932

Capital and initial surplus at December 31, 1931..... \$34,399,004.73

*Deduct:*

Par value of \$8,672,800 of 6½% collateral trust debentures  
of Tobacco Products Corporation of New Jersey delivered  
to preferred stockholders in exchange for 173,456 shares  
of preferred stock surrendered for retirement..... \$8,672,800.00

Cost of 45⅓ shares of common stock purchased..... 18.20

Losses on sale of securities in connection with the reorganiza-  
tion of Tobacco Products Corporation (Virginia)..... 53,824.45

Provision for contingencies in connection with the liquidation  
of Tobacco Products Corporation (Virginia)..... 200,000.00

\_\_\_\_\_ 8,926,642.65

Capital and initial surplus at June 30, 1932, per balance sheet.... \$25,472,362.08

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# UNITED STORES CORPORATION

## STATEMENTS OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE SIX MONTHS ENDING JUNE 30, 1932

### PROFIT AND LOSS

Income:

Interest on Tobacco Products Corporation of New Jersey 6½%	
collateral trust debentures.....	\$336,357.69
Interest on bank balances.....	761.75
	\$337,119.44

Expenses:

Stock transfer expense.....	\$ 13,739.15
Legal expense .....	3,219.36
Other corporate expenses including franchise tax.....	19,919.92
Interest paid on bank loan.....	28,955.54
	65,833.97
Balance .....	\$271,285.47
<i>Deduct</i> —Estimated provision for Federal income tax.....	37,500.00
Net income for the six months carried to statement of earned surplus below.....	\$233,785.47

### EARNED SURPLUS

Earned surplus at December 31, 1931.....	\$478,925.72
Net income for the six months ending June 30, 1932, as above.....	233,785.47
	\$712,711.19

*Deduct*—Dividends paid on \$6 cumulative convertible preferred stock:

March 15, 1932 at \$1.00 per share.....	\$315,048.00
June 15, 1932 at 81¼¢ per share.....	114,719.95
	429,767.95
Earned surplus at June 30, 1932, per balance sheet.....	\$282,943.24

